WASHINGTON
HIGHER
EDUCATION
COORDINATING BOARD

July 2010

Board Update Addition

HECB operating budget request perspective

By law, the state's public colleges and universities must submit operating and capital budget proposals to the HECB for review and recommendation before they are sent to the Office of Financial Management, where they undergo further analysis and revision before being included in the Governor's initial budget proposal. This takes place between July and October.

Through this process, the HECB helps the institutions and the state prioritize higher education operating and capital funding requests by providing perspective based on past budget development and on estimates of state revenue provided by the Washington State Economic Revenue Forecast Council (ERFC).

ERFC's revenue projections have continued to fluctuate this year in part because there has been uneven economic performance. In June, for example, actual revenue collections indicated the economy was slowing again. Consequently, it is difficult to predict with any certainty what level of funding will be available. As noted in this issue of *Board Update*, OFM expects the state will face a $3 billion shortfall going into the 2011-13 budget preparation process.

Even though the funding picture is somewhat muddled (and dire) the HECB has prepared a potential higher education budget scenario for 2011-13 based on three possible outcomes: 1) pessimistic; 2) ERFC projections; and 3) optimistic projections.

These budget projections appear on page seven of the PowerPoint presentation prepared for the Board meeting. **See the presentation.**

In essence, they indicate if higher education's share of the total General Fund State Budget is held to 10 percent, only in the most optimistic scenario will there be additional money for higher education beyond maintenance-level.

Given recent levels of state funding, a share of general fund revenues for higher education exceeding 10 percent seems unlikely. And given OFM's numbers – even maintenance-level funding might not be possible.